Why Traceability?

COCOA NECT.

Quality-drivers

A. Organic

B. Fine or Flavour

C. Heavy metals

Sustainability-drivers

A. Farmer conditions

B. Farmer Premiums

C. Deforestation-free

Challenges

1. **We have created a volume-driven sustainability market.**
   - Commitment to 100% sustainable cocoa by the industry.
   - Labeling the product → costs/MT rather than costs/KPI.
   - Projects volume driven → exclusion of smaller groups.

2. **As a result; incentive for mixing**;
   - Especially on middlemen level, with unrealistic farmer deliveries.
   - Insufficient control certification & audit bodies.
   - **We estimate that <25% of W-African certified cocoa is originating from non-certified farmers.**

3. **Impact poor traceability**;
   - Undermining zero-deforestation initiatives (Cocoa and Forest).
   - Results in oversupply sustainable cocoa → declining premiums.
   - Market differentiation; cert vs. cert+ projects.
   - Premiums cert declined from 150 EUR /Mt to 70 EUR /Mt in 2 yrs.

Farmers

Middlemen: Cooperatives / traitants

Registration in online portal

Exporters

Trade / Confectionery

Going forward

Everyone stakeholder has to take his/her responsibility

Industry;
- Increased focus on impact KPI's in project costing.
- Chocolate companies are making significant progress, but retail private labels are lagging behind.
- Avoid over-contracting of producer groups; more than 1.2 Mt / farmer / year is a risk for W. Africa.
- Increased control on third-party suppliers.

Certification organizations;
- Improved farmer yield estimations.
- Increased upcountry presence.
- Limit mass balance principles per continent to create level playing field on pricing.

Technological tools;
- Should focus on farmer productivity data and output.
- Mapping of farms ≠ traceability, but a first step to reduce mixing.
- Mobile banking is the ultimate solution, but not up-scalable in the next 5-10 years.
- We should prioritize regions near protected forest areas (Cocoa & Forest).

Thank you